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C O N F I D E N T I A L SECTION 01 OF 02 BERLIN 000605

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USAID FOR DEPUTY ADMINISTRATOR JAMES KUNDER  
STATE FOR EUR/AGS, AF  
USEU FOR PATRICIA LERNER

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SUBJECT: SCENESETTER FOR G-8 DEVELOPMENT MINISTERS MEETING,  
BERLIN, MARCH 26-27

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Classified By: EMIN Robert F. Cekuta for reasons 1.4 (b) and (d)

**¶1.** (SBU) Your visit to Germany, in addition to an occasion to engage G-8 counterparts, is an opportunity to advance our bilateral cooperation on development issues with Germany, the world's fourth largest bilateral aid donor, the largest contributor to EU development aid coffers, and a donor with significant energy and technical capabilities for executing assistance programs. The Merkel Government's Minister for Economic Cooperation and Development, Heidemarie Wieczorek-Zeul (SPD), will chair the meetings. She intends to balance the agenda among preparing for the G-8 Heiligendamm Summit; calling for more market-oriented approaches to African development; and exploring "triangular cooperation endeavors" among the G-8, developing countries, and the five large emerging market countries (Brazil, China, India, Mexico, and South Africa).

NEW THINKING AT THE DEVELOPMENT MINISTRY

**¶2.** (C) Germany and the UK are the only G-8 countries with separate development ministries, a source of pride for a Bonn-based ministry that historically values its independence and perceived position above the fray of Berlin's politicized foreign policy. That same independence has been a source of frustration for Germany's Foreign Ministry, however.

Wieczorek-Zeul was a strong and vocal advocate for international action to stop the Sudanese government-backed militias in Darfur, for example, while the Foreign Ministry had been more reticent. On the other hand, she has ensured the Development Ministry, known by its German initials BMZ, has been deeply involved in projects in Afghanistan as part of Germany's long-term commitment to that country's post-Taliban reconstruction. She and her ministry have also ensured that they have a high-profile role in the G-8 during Germany's presidency. The theme for Germany's G-8 Presidency is "Growth and Responsibility" and officials have said from the start the motto was designed as something applicable for both the world's largest industrial economies and poorer developing countries.

¶3. (C) In preparation for the presidency, the Minister hired a G-8 team with ties to Germany's private sector, e.g., a former Frankfurt banker as her personal assistant, to create a development agenda that incorporates strategies for multi-sectoral engagement, including business and finance. Departing from development policies the SPD had favored in the past that heavily emphasized the public sector, Wieczorek-Zeul's key initiatives in development focus on issues such as Africa's investment climate, transparency in resource markets and extractive industries, and outreach to key emerging markets as regional engines of growth. In this regard, the BMZ has not only worked to integrate key G-8 priorities into the development agenda, but also sought to emphasize private sector deliverables for 2007 that will follow on from Gleneagles commitments.

¶4. (C) The role of development policy within Germany's overall G-8 agenda has required the BMZ to integrate its work more closely with other agencies, particularly the SPD-led Foreign and Finance Ministries. BMZ officials claim that Wieczorek-Zeul herself has led a discreet behind-the-scenes effort encouraging her staff to build necessary interagency bridges. The effects are beneficial. For example, the BMZ is now collaborating closely with the Finance Ministry to include G-7 initiatives on emerging markets into the G-8 development agenda. This collaboration, in turn, led Finance Ministry officials to change their old paradigms on Liberia debt relief and adopt a position that is in line with the views of the BMZ -- and also the U.S.

#### HIGH EXPECTATIONS FOR G-8 DEVELOPMENT DELIVERABLES

¶5. (C) The Development Ministry wants long-lasting

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deliverables on development to come out of this year's G-8 process. German officials feel they have already scored progress in their EU presidency development agenda. At the March 13 EU informal development ministerial in Bonn/Petersburg, Germany made real movement on negotiating Economic Partnership Agreements with nearly eighty African, Caribbean, and Pacific (ACP) states in addition to a new energy partnership between Europe and Africa. Germany hopes for similar results in its G-8 development agenda.

#### DYNAMICS WITH CHANCELLOR MERKEL

¶6. (C) Now in her ninth year running the BMZ, Wieczorek-Zeul is Germany's longest-serving minister. Despite initial apprehension within the government of possible tension between "Red Heidi's" left-wing history and the center-right orientation of Chancellor Merkel, government officials who have observed dynamics between the two describe the relationship very favorably. Merkel's success as Germany's first female Chancellor has not gone unnoticed by Wieczorek-Zeul, a self-described feminist who has made gender issues a prominent part of her G-8 development agenda. Chancellor Merkel engages Wieczorek-Zeul more closely than her predecessor did and, officials say, has consulted and deferred to her expertise on development issues. Moreover, Merkel has granted an unusual amount of authority to the BMZ to set the G-8 development agenda. Merkel's management of what some had thought would be one of her most complicated cabinet relationships has ensured the Chancellor goodwill at the BMZ on agenda items important to her. For example, Merkel's market-orientations appear throughout the economic components of the G-8 development program.

#### PRAGMATIC ENGAGEMENT WITH THE USG

¶7. (C) Despite her political history, Wieczorek-Zeul has helped secure German assistance for development programs in line with U.S. interests, sometimes against the opposition of expert and senior levels within her own ministry. She has also sought to be seen as working with us in the G-8 context. In the February meeting of the G-8 Africa Personal

Representatives, she personally dictated the U.S. delegation would have the pride of place position directly beside her. In 2007 her support directly accounted for increased German aid to some of the USG's highest development priorities: Afghanistan, Lebanon, and Liberia. On Afghanistan and Lebanon, Wieczorek-Zeul's decision followed a divided internal debate at the BMZ's highest levels. At the same time, she remains strongly opposed to U.S. policies in Iraq, a factor which has complicated getting an increase in German assistance for Iraqi reconstruction efforts.

**¶8. (C)** Another area of disagreement is over targets for development assistance levels. With 2007 serving as the half-way mark to the 2015 deadline for the internationally-agreed Millennium Development Goals, Wieczorek-Zeul will push the G-8 for stronger commitments. She traditionally is a vocal advocate of the 0.35% and 0.7% assistance targets, both as symbols of solidarity with developing countries and left-leaning elements at home, and as a tool to extract money from the German Finance Ministry. However, the tendency among German policy makers to prefer to work with multilateral organizations, raises the possibility that German expectations of the African Union and African regional organizations may exceed our own, particularly on peace and security initiatives. The German preference for multilateral approaches and desire to strengthen multilateral organizations' capacity led the BMZ to invite the African Union, SADC, and other African institutions to the March 26-27 meetings.

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